

# MINUTES OF THE BOARD OF DIRECTORS OF THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA

March 23, 2022

The Regular Meeting of the Board of Directors of the Southeastern Public Service Authority (SPSA) was held at 9:30 a.m. in the Regional Board Room at the Regional Building, 723 Woodlake Drive, Chesapeake, Virginia. The following members were in attendance or as noted:

Mr. John Maxwell ( <i>absent</i> )	(CH)	Mr. Earl Sorey	(CH)
Ms. Sheryl Raulston	(FR)	Ms. Amanda Jarratt <sup>1</sup>	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Burle Stromberg <sup>2</sup>	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor <sup>3</sup>	(SU)
Mr. Thomas Leahy	(VB)	Mr. L.J. Hansen <sup>4</sup>	(VB)

(CH) Chesapeake; (FR) Franklin; (IW) Isle of Wight; (NO) Norfolk; (PO) Portsmouth, (SH) Southampton County; (SU) Suffolk; (VB) Virginia Beach

Others present at the meeting included Alternate Ex-Officio Members Mr. Gary Kelly (VB), Mr. Robert Lewis (SU), Mr. Greg Martin, (CH) and Mr. Richard Underhill (PO), SPSA executives, Mr. Dennis Bagley, Interim Executive Director, Ms. Tressa Preston, Secretary and Interim Director of Administration, Ms. Sandy Schreiber, Treasurer and Interim CFO, and Mr. Brett Spain, General Counsel.

To accommodate those who could not attend in person, through the meeting notice, members of the public were also invited to listen to, and view presentations displayed at the meeting, by registering for attendance using a GoTo Webinar teleconferencing platform. Members of the public were also invited to speak at the SPSA Board of Directors Meeting during the designated public comment period at the beginning of the meeting by registering in advance with the Secretary through contact information published in the meeting notice. Members of the public were also invited to listen to the SPSA Board Meeting via toll-free telephone.

## 1. **CALL MEETING TO ORDER**

Mr. Baugh, Chairman of the Board, called the meeting to order at 9:30 a.m. and led the Pledge of Allegiance.

## 2. **PUBLIC COMMENT**

Ms. Preston reported that she received no requests to make a public comment.

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<sup>1</sup> Ms. Jarratt left the meeting at 12:00 p.m.

<sup>2</sup> Mr. Stromberg left the meeting at 12:21 p.m.

<sup>3</sup> Mr. Moor left the meeting at 12:16 p.m.

<sup>4</sup> Mr. Hansen left the meeting at 12:38 p.m.

### 3. **PERSONNEL COMMITTEE REPORT**

Chairman Baugh informed the Board that there would be a closed session for the purpose of discussion of prospective candidates for employment, which is an authorized exemption under the Virginia Code. He announced that the only people present for this closed session would be Board Members, SPSA Counsel, and Mr. Bagley. It was later determined that Ms. Preston should remain in the room for technical assistance. There were no comments or objections. Chairman Baugh read aloud the following motion.

#### **CLOSED SESSION**

##### Motion to Approve Request for Closed Meeting.

*I move that a closed session be held in accordance with (a) Virginia Code Section 2.2-3711(A)(29) for discussion regarding the consideration of prospective candidates for the position of Executive Director.*

**Mr. Keifer moved, seconded by Mr. McCoy, to enter into a closed session to discuss consideration of prospective candidates for the position of Executive Director, as presented. A roll call vote was taken of all voting members present, as noted above. The motion was adopted by a unanimous vote of in favor.**

##### Motion to Approve Certification after Closed Meeting.

*The Board of the Southeastern Public Service Authority of Virginia hereby certifies that, to the best of each member's knowledge: (a) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act; and (b) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting just concluded.*

**Mr. Hansen moved, seconded by Ms. Jarratt, to certify the closed session as presented. A roll call vote was taken of all voting members present, as noted above. The motion was adopted by a unanimous vote in favor.**

### 4. **ACTION ARISING FROM CLOSED SESSION**

Chairman Baugh introduced business arising from the closed session.

**Mr. Keifer moved, seconded by Ms. Raulston, that the SPSA Board of Directors conclude an employment agreement to promote Dennis Bagley to Executive Director with an annual salary of \$175,000, to also include a vehicle allowance of \$7,000 per year, retroactive to January 1, 2022. The motion was adopted by a unanimous vote in favor.**

Mr. Bagley thanked the Chairman and the Board, calling this appointment one of the proudest moments of his life. He asked the SPSA staff in the room to stand and he thanked them for all that they have done and continue to do.

### 5. **CHAIRMAN'S COMMENTS**

Chairman Baugh also thanked staff for working through the process of selecting an Executive Director and for continuing to support SPSA's needs. He also encouraged the Board to thank Mr. Leahy and the rest of the Personnel Committee for all of their work, which made the selection possible, as well as the Executive Committee for all of their support in working though

issues and providing guidance. Finally, Chairman Baugh thanked the interim staff for their significant efforts to carry on SPSA daily business and move the organization forward throughout the selection process.

Chairman Baugh went on to say that the Board looks forward to the new leadership under Mr. Bagley and that there is much to do in the way of securing and improving SPSA's future. He commented that that work was beginning at the meeting ahead, reviewed the items on the day's agenda, and thanked the Board again.

## 6. APPROVAL OF MINUTES

The minutes of the February 23, 2022 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

**Mr. McCoy moved, seconded by Ms. Lowe, to approve the February 23, 2022 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.**

## 7. WIN WASTE UPDATE

Mr. Bagley reminded the Board that the topic of proposals from WIN Waste had been discussed in closed session at previous meetings and it was determined at the February Board Meeting that a presentation should be made in open session before the Board took any action. Mr. Bagley reviewed, once again, that the Navy is building a combined heat and power plant and, as of June 30, 2024, will no longer be purchasing steam from WIN Waste/Wheelabrator (WIN). This loss of revenue will make it unlikely that WIN can remain operational without additional revenue. SPSA's contract with WIN continues through June 30, 2027. WIN offered two proposals about how to move ahead given these circumstances. The first option would be that WIN complete the base term of their contract with an amendment which would include a residential increase of \$74 per ton. This increased rate would need to begin as of July 1, 2022, which Mr. Bagley reminded the Board, makes this decision impactful to the Fiscal Year 2023 Budget. The second option would be for WIN to exercise an early termination of their waste disposal agreement with SPSA at the conclusion of the Navy steam contract on June 30, 2024. WIN acknowledges that they would be required to pay the early termination fee of \$8.25 million if the termination takes place on July 1, 2024.

Mr. Bagley explained that if SPSA accepts WIN's first proposal, that would mean that municipal solid waste tipping fees would need to increase on July 1, 2022 to cover that additional \$74 per ton and would result in significant additional cost to each municipality, including approximately \$6.3 million dollars in increased costs to Virginia Beach, \$4.4 million for Chesapeake, and \$3.56 for Norfolk, SPSA's municipalities with the three largest tonnage amounts. Mr. Bagley and staff recommend that the Board allows staff to notify WIN that SPSA does not intent to amend the current waste disposal services agreement and authorize staff to take the necessary steps to develop a post June 30, 2024 Operations Plan and report that plan back to the SPSA Board. Mr. Bagley offered to field any discussion, but there was none at that time. Mr. Bagley added that, while he was not present for any discussions and cannot personally affirm the account, he had been informed that WIN had spoken with their staff in Portsmouth, letting them know that they intend to close the plant in 2024 and presented their future plans and for the facility and its employees. Mr. Bagley added that when Mr. Stratton made his report, he may have more to say on that topic.

**Mr. Keaton moved, seconded by Ms. Jarratt, to affirm that the SPSA Board of Directors does not intend to amend the current waste disposal agreement with WIN and authorizes the Executive Director to take the necessary steps to develop a post-June 30, 2024 operations plan to present to the Board. The motion was adopted by a unanimous vote in favor.**

After Mr. Keaton’s motion and Ms. Jarratt’s second, Mr. Hansen commented that he appreciated what a difficult decision this is and acknowledged that it represents a change in how SPSA does business. He went on to say that, considering the hierarchy of waste disposal, SPSA would prefer to continue with waste to energy, but the fiscal demands required for WIN to fulfill their contract to 2027 are not appropriate for SPSA. Mr. Hansen went on to say that SPSA must be responsible and identify a new operations plan, always being mindful of new technologies that can minimize the amount of material going into the landfill. Mr. Hansen concluded by saying that this decision is both responsible and appropriate. There were no other comments before or after the vote.

**8. PRESENTATION OF THE JULY 1, 2022 – JUNE 30, 2023 BUDGET**

Mr. Bagley began by saying that a budget is a spending plan and that a spending plan should be consistent with an organization’s mission, values, and goals. He went on to say that he believes that the proposed fiscal year 2023 budget does that, and that goal was achieved because the process was an organization-wide group effort that involved careful attention to trends and a willingness to make cuts in some areas so that others could be better funded.

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## FY-2023 Proposed Operating & Capital Budgets

MARCH 23, 2022

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## Guiding Principles

1. Continue planned funding for Flyover
2. Continue planned funding for landfill expansion
3. Increase annual waste diverted to Atlantic Landfill from 26,000 tons to 36,000 tons
4. Address concerns within the Classification and Pay Plan
5. Address holiday staffing issues
6. Maintain or expand existing services without increasing operational cost

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## Budget Highlights

- Revenues = Expenses for a Total of \$52,249,241
- Proposed budget represents an 8.5% increase from FY-22 of \$4,817,089
- The Tip Fee would increase to \$65/ ton in accordance with the planned tip fee schedule
- Provides an additional \$8,000,000 to the designated fund balance for construction of the flyover and Cell VII
- Continues funding for capital equipment replacement in accordance with plan at \$3,500,000

4

## Budget Highlights (continued)

- Earmarks \$227,056 to offset anticipated increases in fuel cost
- Diverts an additional 10,000 tons of waste to Atlantic Landfill preserving an additional 12,500 cubic yards of airspace
- Includes approximately \$360,000 in new revenue as a result of Waste Management agreeing to resume hauling to SPSA transfer stations
- Provides for a 5% COLA for all employees
- Addresses the new minimum wage legislation and addresses minimum salary range for Grade 1 and Grade 2 positions



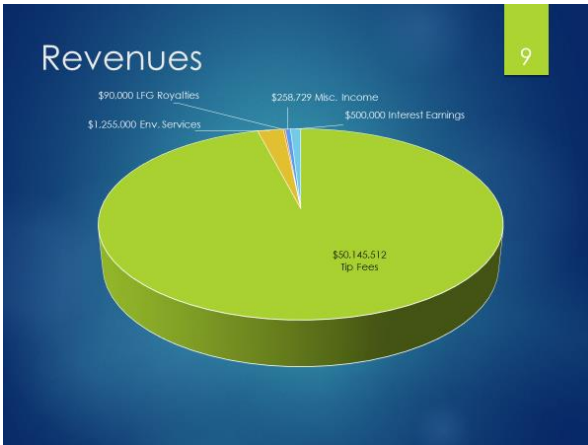
### FY 2023 Proposed Tip Fee Schedule

Change	Current Rate	Proposed Rate
Municipal Waste	\$61.00	\$65.00
Contract Non-Municipal Waste	\$54.50	\$56.00
<b>Non-Fee Related Changes</b>	<b>Current Minimum</b>	<b>Proposed Minimum</b>
Minimum Tons to Qualify	50,000 Tons	30,000 Tons

- ### Components of the SPSA Tip Fee
- | Municipal Tip Fee       | Commercial Tip Fee      |
|-------------------------|-------------------------|
| ▶ Transfer Station Cost | ▶ Disposal Cost         |
| ▶ Hauling Cost          | ▶ Hauling Cost          |
| ▶ Disposal Cost         | ▶ Transfer Station Cost |
| ▶ Landfill Cost         |                         |

### Revenues and Expenditures

Revenues:	FY-22 Budget	Proposed FY-23	Variance
Tip Fees	\$45,951,468	\$50,145,512	9%
Charges for Env. Services	\$1,036,650	\$1,255,000	21%
Landfill Gas Recovery	\$260,000	\$90,000	-3%
Misc. Income	\$268,729	\$258,729	-3.7%
Interest Earnings	\$450,000	\$500,000	11%
<b>Total Revenue:</b>	<b>\$48,157,974</b>	<b>\$52,249,241</b>	<b>8.5%</b>
<b>Expenses:</b>			
Operating Expenses	\$38,225,147	\$40,749,241	7%
Capital Equipment	\$3,691,127	\$3,500,000	-5%
Reserves / Landfill Closure	\$6,243,150	\$8,000,000	28%
<b>Total Expenses:</b>	<b>\$48,159,424</b>	<b>\$52,249,241</b>	<b>8.5%</b>
<b>Net Revenue Expenses:</b>	<b>(1,450)</b>	<b>50</b>	



- ### Breakdown of Tip Fees
- |                      |                     |
|----------------------|---------------------|
| ▶ Municipal Tip Fees | \$31,320,250        |
| ▶ Navy Waste         | \$1,399,449         |
| ▶ C&D                | \$495,000           |
| ▶ Norfolk Sludge     | \$302,000           |
| ▶ Other Tip Fees     | \$4,556,313         |
| ▶ Contract Waste     | \$7,664,000         |
| ▶ Non-Contract Waste | \$4,408,000         |
| <b>Total</b>         | <b>\$50,145,512</b> |

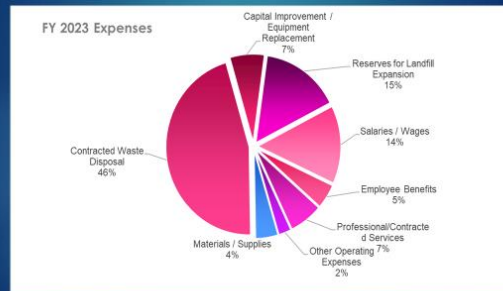
## Major Variances in Revenue

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- ▶ Increased Tip Fees \$1,927,400
- ▶ Increase in Municipal Tonnage of 28,750 tons \$1,840,000
- ▶ Increase in contract price for Navy Waste \$30,361
- ▶ Increase in volume of contract waste \$579,000
- ▶ Increase in contract price for ash \$126,883

## Expenses

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## Breakdown of Expenses

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- ▶ Contracted Waste Disposal \$23,905,192
- ▶ Capital Equipment Replacement \$3,500,000
- ▶ Reserves For Landfill and Flyover \$8,000,000
- ▶ Salaries and Wages \$7,516,911
- ▶ Benefits \$2,374,462
- ▶ Professional and Contract Services \$3,379,174
- ▶ Materials and Supplies \$1,286,652
- ▶ Other Operating Expenses \$1,273,998
- ▶ \$52,249,241

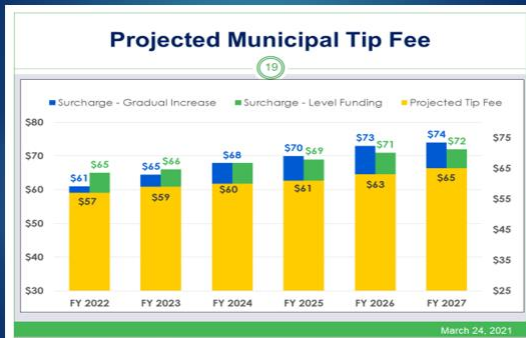
## Major Variances In Expenses

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- ▶ **Positive**
  - ▶ Materials and Supplies \$417,943
  - ▶ Waste Disposal and Service \$1,911,772
  - ▶ Waste Disposal and Hauling \$1,178,501
  - ▶ Reserves for Flyover and Expansion \$1,756,850
  - ▶ Salaries \$498,125
  - ▶ Benefits \$119,131
- ▶ **Negative**
  - ▶ Professional Services -\$396,000
  - ▶ Other Operating Expenses -\$26,749

## Projected Municipal Tip Fee

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## Health Insurance

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- ▶ We will offer employees two renewal options for Health Insurance.
- ▶ Optima HMO had no change in premium. We currently have 21 employees enrolled.
- ▶ Anthem Key Advantage 200 and 500 both had a premium increase. We currently have 88 employees enrolled.
- ▶ Selecting the Optima option will result in a savings to employees who make the choice to switch from the Anthem Key Advantage options.

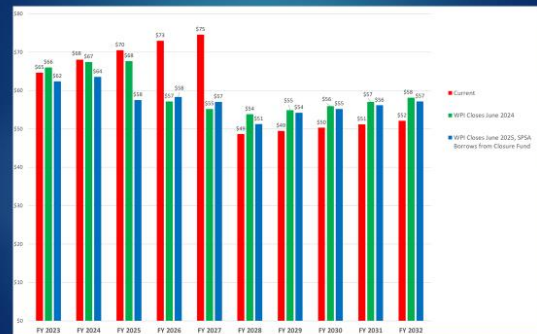
## Salary Adjustments

17

- ▶ 5% COLA for all employees
- ▶ All filled positions will exceed the new minimum wage requirements
- ▶ Reclassified three positions
  - Scale Attendant
  - Solid Waste Assistant
  - Mechanics Helper

## Looking Forward

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## Budget Conclusion

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SPSA has a bright future if we stay the course!

## Discussion

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Mr. Stromberg asked if the FY 2023 budget included plans for a transfer station for Portsmouth and Mr. Bagley responded that, while this was a very pressing concern for SPSA, he respectfully asked that that discussion be delayed for the time being, but that he assured Mr. Stromberg that he would have answers for him as soon as possible. There were no further questions.

Chairman Baugh reminded the Board that SPSA is required to hold a public hearing on the preliminary schedule of fees and charges. Ms. Preston read that resolution on to the record:

### **RESOLUTION TO ADOPT PRELIMINARY SCHEDULE OF FEES AND CHARGES FOR THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA AND SETTING DATE FOR PUBLIC HEARING ON SAME**

**WHEREAS**, the Board of the Southeastern Public Service Authority of Virginia (sometimes referred to herein as “SPSA”) desires to change certain rates, fees or charges previously fixed by SPSA for the services available through its refuse collection and disposal system primarily by increasing rates payable for disposal of municipal solid waste and contract non-municipal solid waste, with such changes to be effective July 1, 2022; and

**Whereas**, in connection with proposed changes to existing rates, fees or charges and proposed fixing of new rates, fees or charges to be levied by SPSA for the disposal of solid waste at its facilities, Section 15.2-5136(G) and Section 15.2-5136(H) of the Virginia Water and Waste Authorities Act (the “Act”) require (i) the adoption by SPSA of a resolution setting forth a preliminary

schedule fixing and classifying such rates, fees and/or charges, (ii) SPSA to set and hold a public hearing with respect to such preliminary schedule where all users of the systems or facilities and all other interested parties have an opportunity to be heard concerning the proposed rates, fees and charges set forth therein, (iii) notice of such public hearing, setting forth the proposed schedule of rates, fees and charges, to be given by two publications, at least six days apart, in a newspaper having a general circulation in the area served by SPSA's refuse collection and disposal system, with the second notice being published at least 14 days before the date fixed in such notice for the hearing, and (iv) a copy of such notice to be mailed to the governing bodies of all localities in which such refuse collection and disposal system or any part thereof is located;

**Now, therefore, be it resolved**, that the Board of the Southeastern Public Service Authority of Virginia hereby adopts the Preliminary Revised Schedule of Fees and Charges for Solid Waste Management setting forth such rates, fees and charges to be levied by SPSA for the disposal of solid waste at its facilities, with the changed and new rates reflected in such Schedule to be effective July 1, 2022, as set forth on the attached page; and

**FURTHER RESOLVED**, that the Board of the Southeastern Public Service Authority of Virginia hereby (i) establishes April 27, 2022 at 9:30 a.m. as the date and time for the public hearing on the Preliminary Revised Schedule of Fees and Charges for Solid Waste Management and (ii) authorizes and directs SPSA executive staff to provide notice of such public hearing, as required under and in accordance with the applicable provisions of Section 15.2-5136(G) of the Act, by publication and with copies by mail to the governing bodies of SPSA's member localities.

**Ms. Raulston moved, seconded by Mr. Sorey, to approve the resolution to adopt the preliminary schedule of fees and charges for the Southeastern Public Service Authority and set a date for the public hearing on same, as presented. The motion was adopted by a unanimous vote in favor.**

## **9. PROPOSED UPDATES TO SPSA BYLAWS**

Ms. Preston informed the Board that a redlined version of the proposed changes to the Bylaws was included in their full agenda packet and that there would be no action requested at this meeting, only discussion of the proposed changes. Ms. Preston went on to say that original discussions of updates to the Bylaws began in Executive Committee about expanding the number of people allowed to serve on that Committee and continued when consulting the Bylaws about the appointment of the office of Treasurer. It was discovered that the Bylaws included some out-of-date language in regard to commonly accepted business practices and it was determined that staff and counsel should conduct a comprehensive review of the Bylaws for any necessary updates. The Executive Committee reviewed the proposed changes at their February Meeting for discussion at the March Meeting for a proposed vote at the April Meeting.

Ms. Preston reviewed the proposed changes, which included increasing the Executive Committee from 3 members to 4 members for better community representation and updates to language regarding financial and administrative practices. Ms. Preston asked if there were any questions or comments, but there were none. She encouraged the Board to take their time reviewing the proposed changes and reach out to her or Mr. Spain if they had any concerns before the changes are brought for additional discussion and a vote at the April Board Meeting.

## **10. EXECUTIVE DIRECTOR UPDATES**

Mr. Bagley introduced Geralyn Harrell, SPSA's Accounting and Scale House Administrator



who has been with SPSA nearly 30 years and plans to retire in October. Mr. Bagley commented that in his previous position he did not realize how much work the accounting department, and Ms. Harrell specifically, was responsible for completing. He noted that one of the reasons they are able to accomplish so much is because of Ms. Harrell's efforts and expertise. Mr. Bagley thanked her for all she does, and Chairman Baugh presented her with a SPSA lapel pin as a token of appreciation.

Chairman Baugh was presented with the Gold Award for Pollution Prevention and Excellence in Pretreatment Awards, which SPSA received from HRSD. Mr. Bagley commented that he and the Environmental team, lead by Mr. Mike Kelley, are very proud of their stellar record and plan to keep up their efforts.

Mr. Bagley updated the Board that the Environmental Impact Statement (EIS) process for wetlands permitting continues and it does seem like an end is in sight. At the February Meeting, the Board was reminded of the off-site alternative that has been proposed as a part of the EIS. In response to the Corps' suggestion of sending out flyers to seek feedback from Suffolk residents living within one mile of both the off-site alternative and the Regional Landfill, Mr. Moor and Mr. Bagley spoke with the Corps and VHB. Since that call it has been determined through wetlands delineation that the alternative site has more wetlands than the proposed expansion, which will likely render that site no longer practicable.

Mr. Moor commented that the City of Suffolk has concerns about the proposed alternative site and no issues with expansion on the existing site. They sent a letter stating as much to the Army Corps of Engineers and while they very much want to work with their regional partners, from a City standpoint, it is unrealistic to consider permitting a second landfill only a few miles away from the first landfill. Mr. Moor added that conversations with the third-party consultants from VHB have led him to believe that no flyers on the landfill expansion had been sent to Suffolk residents at that time. Mr. Bagley added that one of SPSA's main concerns is that their communities are made aware of any possible action before it takes place so that they may anticipate and mitigate any impact to citizens. He went on to say that SPSA had both an on-site meeting and online presentation with the EPA, local tribal representatives, and other consulting parties for the EIS, both of which went well. The Corps has informed SPSA that they intend to let SPSA review a draft of the Draft EIS to make comments and corrections between mid to late April 2022. At some point in the near future, it is highly likely that Mr. Bagley will need to discuss possible wetland mitigation plans with the Board.

Final negotiations are taking place with Heartland Industries for the leachate evaporation contract and Mr. Bagley informed the Board that he would be discussing the proposed cost sharing agreement with HRSD later in the meeting. He also reported that conversations with the Navy about their plans for the WIN Waste facility easement are moving in a positive direction and that he hopes there will be more to discuss as soon as the April Board Meeting.

Mr. Henry Strickland delivered the operations report, which included explaining the 850 tons of waste that was diverted from the RDF plant from March 14<sup>th</sup> through 18<sup>th</sup>, and which will eventually be hauled back at WIN Waste's expense. He also updated the Board on the construction kick-off for the landfill improvement project, the status of the compactor rebuild, and the progress of the Mas Energy landfill gas plant.

Mr. Mike Kelley delivered the environmental report, noting that there were no odor complaints in the reporting period, all permitting, sampling, and reporting were up to date and that HHW events are on the rise. He also reviewed how SPSA fulfills the fifth element of the

Environmental Management System (EMS), which is communication to employees, stakeholders, and interested parties. Mr. Kelley offered to answer any questions, but there were none.

Mr. Keifer complimented Mr. Strickland and Mr. Kelley on their reports and commented that it was good to hear from them.

## 11. WIN WASTE INNOVATIONS PORTSMOUTH MONTHLY REPORT

Mr. Clint Stratton presented the WIN monthly report in person.

**WIN Waste Innovations -  
Portsmouth**  
March 2022 Report to SPSA Board



Meeting SPSA's mission to provide safe and environmentally sound disposal of regional solid waste



WIN Waste Innovations Portsmouth  
February 2022  
Actual Operational Data




Net Refuse Received			Total Refuse Processed			Total NP Diverted			Ash Shipped		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
43,085	45,388	(2,303)	43,373	42,725	647	6,033	5,222	(811)	9,743	12,176	3,694
Driven by regional tonnages being down, completed backhaul of Diversion tonnage this period			Favorable evap rate and increased loads on boilers met plan for processed despite unfavorable boiler downtime			Larger volumes of NP coming into the system			Some timing and storing of ash to ensure it is dry enough for shipping to RLF		


  

Steam Sales			Boilers			TG's Unscheduled Downtime			Net MWH Sold		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
78,516	76,556	1,960	277	100	(177)	0	0	0	9,264	11,986	(2,722)
NNSV usage up this period			Driven by tube leak & bin feed fire on Boiler 4, corrected during March outage and grate failure on Boiler 3 which was corrected in February's outage			Driven by favorable steam sales					



- Includes 1,244 tons of non-qualifying residue delivered to landfill, qualifying residue 87.23% for February
- Waste delivered by SPSA to RDF- 43,183 tons; Boiler availability - 84%; Turbine Generator availability- 95%; Ash Screen availability - 100%
- 0 OSHA Recordable accidents this period, 0 YTD; 0 Environmental Incident/ 0 Citizen Complaints for this period



**BOILER 4 BIN FEED FIRE EVENT. AFFECTED THE HEAD END OF BOILER 4 BIN FEED AND CAUSED 29.17 HOURS USDT. WIRING TO THIS MELTED HOA (HAND-OFF-AUTO) SWITCH HAD TO BE REPLACED.**



Questions?

Mr. Stratton thanked SPSA staff for their support during the diversions that Mr. Strickland discussed in the operations report. He also added that, as Mr. Bagley mentioned, WIN has been meeting with their staff to discuss plans for retention bonuses and severance packages should the Portsmouth facility be decommissioned, adding that they want to be sure to take care of their employees and that will help ensure that service does not suffer. Mr. Stratton offered to answer any questions, but there were none.

## 12. FINANCIAL REPORT

Ms. Schreiber informed the Board that, as of February 28, 2022, total revenues exceeded total expenses by approximately \$4.4 million as compared to \$5.3 million in the previous fiscal year.

Tipping fees fiscal year to date reflect an increase of 7.9%, or approximately \$2.33 million as compared to FY 2021. Municipal waste tonnages were down approximately 9.2% or 30,535 tons as compared to last fiscal year. Commercial tons were up approximately 39% or 43,072 tons as compared to last year. For the month ending February 28, 2022, total municipal waste was 30,124 tons as compared to 30,136 tons a year ago.

Ms. Schreiber reported that total expenses as of February 28, 2022 were approximately \$29.8 million, compared to \$27.2 million in the prior fiscal year. Ms. Schreiber reported that cash balances were at \$58.1 million, designated as \$3.3 million in the operating fund, \$6.4 million, the equivalent of 2 months' operating expenses, in the undesignated fund balance, \$3.3 million for FY 2021 purchase orders, \$2.5 million for the proposed HRSD force main, \$3.3 million in landfill expansion purchase orders, and \$39.2 million in the landfill expansion and closure fund.

Ms. Schreiber opened the floor for questions and Mr. Hansen asked about the discrepancy in total revenues over expenses compared to the previous year. Mr. Bagley explained that the change is largely due to contractual rate increases that SPSA has to pay, along with an increase in commercial tonnages that have to be processed. Mr. Hansen asked for greater clarification in future reports and Mr. Bagley agreed to include further explanation. Mr. Keaton asked for clarification if the \$39.2 million for landfill expansion and closure included funds for the flyover. Mr. Bagley confirmed that it did and commented that it has been suggested by staff that those numbers be broken out in reporting for greater clarification. There were no further questions.

**Mr. McCoy moved, seconded by Ms. Lowe, to approve the SPSA financial report as presented. The motion was adopted by a unanimous vote in favor.**

### **13. COST SHARING AGREEMENT WITH HRSD**

Mr. Bagley reviewed with the Board the history of the existing cost sharing agreement with HRSD. In 2018, in response to the Nansemond Treatment plant initiating the SWIFT program, SPSA and HRSD entered into a cost sharing agreement to construct a force main system to pump leachate to the Atlantic Treatment Plant, with SPSA agreeing to pay up to \$3 million toward the project. In 2021 HRSD determined that the force main project was cost prohibitive and SPSA and HRSD began looking for another solution. SPSA suggested entering into a new cost sharing agreement to install a heat assisted leachate evaporation system, which would entirely eliminate the need for HRSD to treat any of SPSA's leachate. HRSD reviewed the system and agreed to the terms of the new cost sharing agreement, which the HRSD Board voted to approve on February 22, 2022.

Mr. Bagley outlined the terms of the new cost sharing agreement, which include that the 2018 cost sharing agreement be terminated, that SPSA will design, procure, operate, and maintain the system, and that in emergency situations SPSA may deliver leachate to a treatment facility approved by HRSD at a similar rate as their other customers. SPSA would pay \$3 million toward the approximately \$7 million cost of the project and, 60 days after the system begins daily treatment of leachate, HRSD will reimburse SPSA \$4 million toward the purchase and installation of the Leachate Evaporation System.

Through discussion on this topic, several members of the Board voiced concerns about the language of the agreement lacking specificity on responsibility for payment in the event that the leachate evaporation system costs less or more than \$7 million. Mr. Bagley responded that he would reach out to HRSD to discuss additional language to make the terms of cost sharing

more explicit. He intends to bring that agreement back to the Board in April, along with the contract for the heat evaporated leachate system.

**14. CONTRACTS**

Ms. Preston informed the Board that, as part of the FY 2022 Capital Budget, an RFP was issued for an above ground scale at the Isle of Wight Transfer Station. Four vendors submitted proposals and the vendors with the top two responses were invited to negotiate. Fairbanks was not the lowest price, but they were the only vendor to offer a concrete scale and their overall proposal was the most thorough and well thought out. The budget for this scale was \$125,000 and the cost came in at \$121,887.54. Ms. Preston offered to answer any questions, but there were none.

**Mr. Keaton moved, seconded by Mr. McCoy, to authorize the Executive Director to award a contract to Fairbanks Scales, Inc. to purchase an Above Ground Scale for the Isle of Wight Transfer Station, as presented. Mr. Greene abstained from the voting on this contract. Aside from the abstention, the motion was adopted by a unanimous vote in favor.**

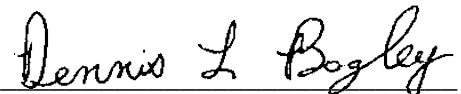
Ms. Preston notified the Board that staff was moving forward on a contract for fleet management software as a part of the continual improvement to the Fleet Management Division. This software, procured on a GSA Cooperative Contract with Faster Asset Solutions, will be used by mechanics and admin staff to better track compliance and productivity. At a cost of \$40,753 the Board does not need to vote on this contract, but staff wanted to be sure that the Board was well-informed on the development and had the opportunity to ask any questions or voice any concerns. There were no questions or comments.

**15. OTHER BUSINESS**

Chairman Baugh asked if there was any other business, but there was none.

**16. ADJOURN MEETING**

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 12:47 p.m.



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Dennis L. Bagley  
Executive Director

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Submitted by: Tressa Preston, Secretary, SPSA Board of Directors